

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W

-----084520 292159Z /64

R 290940Z SEP 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6382

INFO USDOC WASHDC

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 13737

E.O. 11652: N/A

TAGS: ETRD US IN

SUBJECT: WESTINGHOUSE GAS TURBINE BIDS

REF: NEW DELHI 11807

1. DURING COURSE OF HIS NINTH VISIT TO INDIA FROM HONG KONG, WESTINGHOUSE VICE PRESIDENT FOR POWER SYSTEMS, LYNN SAUNDERS, PROVIDED UPDATE TO COMMERCIAL COUNSELOR ON LONG-DELAYED GOI CONSIDERATION OF BIDS FOR GAS TURBINE GENERATORS FOR KARNATAKA, MAHARASHTRA AND ASSAM.

2. GOI HAS NOW REQUESTED A THIRD EXTENSION OF BID VALIDITY FROM PARTICIPATING BIDERS FOR KARNATAKA PROJECT, THIS TIME TO OCTOBER 21. A RECOMMENDATION WHICH SAUNDERS BELIEVES FAVORS WESTINGHOUSE HAS, AFTER MUCH DELAY, FINALLY BEEN FORWARDED FROM INDUSTRIAL DEVELOPMENT CORPORATION IN BANGALORE TO NEW DELHI. SAUNDERS BELIEVES RECOMMENDATION HAS HELPED WESTINGHOUSE POSITION SOMEWHAT.

3. WITH RESPECT TO MAHARASHTRA PROJECT, SAUNDERS JUDGES WESTINGHOUSE TO BE THIRD IN RUNNING, BEHIND AEG AND BBC. GOI IS SUPPOSED TO REACH DECISION ON UNCLASSIFIED

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MAHARASHTRA BY OCTOBER 6, ALTHOUGH DEADLINE MAY AGAIN SLIP.

4. LATEST ADVERSE DEVELOPMENT WITH RESPECT TO ASSAM GAS TURBINE PROJECT IS THAT MITSUBISHI HAS COME IN WITH A BID WHICH IS EVEN LOWER THAN DOLS 750,000 PRICE REDUCTION OFFERED EARLIER BY FIAT. SAUNDERS FEARS THAT FIAT AND MITSUBISHI PRICE REDUCTIONS MAY

CAUSE GOI TO CALL FOR A REBID. IF THIS HAPPENS, WESTINGHOUSE WILL PROTEST STRONGLY THROUGH CANADIAN HIGH COMMISSION OVER INFRACTION OF ORIGINAL BID CONDITIONS, BUT WILL NOT SUBMIT ANY REBID THROUGH ITS CANADIAN SUBSIDIARY, SINCE COMPANY CANNOT ECONOMICALLY MEET FIAT-MITSUBISHI PRICE REDUCTION AND REFUSES SUBMIT BIDS WHICH WOULD LEAD TO FINANCIAL LOSS.

5. DESPITE MANY FRUSTRATIONS OVER GOI DELAYS IN REACHING DECISIONS ON GAS TURBINE CONTRACTS, WESTINGHOUSE WILL CONTINUE ITS SALES ACTIVITIES HERE IN HOPE THAT THOSE COMPANIES SHOWING GREATEST PATIENCE MAY EVENTUALLY OBTAIN PART OF CONSIDERABLE INDIAN MARKET FOR GAS TURBINE GENERATORS, RESULTING FROM PRESENT ACUTE POWER SHORTAGE IN MANY PARTS OF COUNTRY.

6. WESTINGHOUSE PARTICULARLY INTERESTED IN RECENT PRESS REPORTS CONCERNING GOI "BULK PROGRAM" FOR ADDITIONAL 1,000 MWS IN GAS TURBINE GENERATING EQUIPMENT FOR SUPPLY TO MANY PARTS OF COUNTRY WHERE POWER CRISIS IS MOST ACUTE. SAUNDERS WILL OBTAIN MORE INFORMATION ON "BULK PROGRAM" DURING PRESENT VISIT AND STATES WESTINGHOUSE READY TO SEND OUT SALES TEAM, IF HIS INVESTIGATIONS CONFIRM SUCH A SIZABLE NEW MARKET. HIS LATEST INFORMATION IS THAT ABOUT 1,000 MW OF EQUIPMENT WILL INDEED BE PURCHASED, INCLUDING THREE OR FOUR UNCLASSIFIED

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60 MW UNITS EACH FOR DELHI AREA, WEST BENGAL, MADRAS AND UTTAR PRADESH. GOHEEN

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## Message Attributes

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